



Memorandum

Agenda Item No. 7(A)(1)(D)

To: Honorable Chairperson Barbara Carey-Shuler, Ed. D.
and Members, Board of County Commissioners

Date: May 11, 2004

From: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "Burgess", is placed over the printed name of George M. Burgess.

Subject: Resolution authorizing
Extension of 2002-2003
General Aviation Rental Rates
and Revised Rental Rates
Effective April 1, 2004

RECOMMENDATION

It is recommended that the Board approve the extension of the General Aviation Airport rental rates effected under Resolution R-282-02, for Opa-locka Airport, Kendall-Tamiami Executive Airport and Homestead General Aviation Airport through March 31, 2004 and implement the new rates for these airports as recommended by Slack, Johnston and Magenheimer retroactive to April 1, 2004. The general aviation rental rates are subject to annual appraisal and revision, which usually takes effect on April 1 of each year. However, in as much as the Professional Service Agreement with Slack, Johnston and Magenheimer to conduct a fair-market value appraisal to recommend rentals rates at these airports was approved by the Board on January 23, 2003, under Resolution R-33-03 and the appraisal report submitted after April 1, 2003 then extensively reviewed by staff, a decision was made to delay the effective date of the new rates to April 1, 2004.

As has been the practice in the past, it is recommended the County Manager or his designee, be authorized to administratively adjust rental rates based on buildings requiring improvement to obtain a certificate of occupancy, regardless of when in the future a certificate is required for any building in the County's Airport System. The adjustment will be based on a reappraisal to determine fair market value following re-certification.

Additionally, it is further recommended that the County Manager, or his designee, be authorized to execute any modification to correct lease agreements that may be necessary to affect the revised rates.

BACKGROUND

As a result of the County mandated recertification of buildings 40 years and older, 21 buildings at Opa-locka Airport were inspected for recertification purposes. Of these, sixteen (16) are planned for demolition while five have been re-certified.

As was originally implemented under Resolution R-186-01, it has been determined that the Aviation Department would fund the cost for recertification of the buildings, as such costs are reviewed and approved by the Consulting Engineer of the Supervising Architect under the Amended and Restated Trust Agreement dated as of December 15, 2002, by asking the appraisers to reappraise the buildings to determine fair-market value after the improvements are made and adjust the rental rates accordingly utilizing the appraisal figure.

Rental rates for tenants and users of the buildings undergoing a recertification process will be adjusted through administrative amendments to the rental rates, as provided for in the Aviation Department leases. The Department will seek recovery of the recertification costs over an appropriate period of time, consistent with the federal law and FAA requirements.

The rental rates recommended for approval were based on conditions at the airports, the design and condition, of the airport facilities, and the prevailing market of general aviation rental rates at over 50 general aviation airports, as well as non-hub and small hub commercial airports in Florida. The appraisers' research compared the airports' location, size, annual operations, based aircraft, as well as fuel flowage and focused on rental rates and charges for aviation and non-aviation uses of property. The airport leases provide separate rental rates for the land, pavement and improvements but leaseholders pay a singular monthly payment combining the three. Improvement rates recommended for increase are discussed below as they relate to each of the three airports. No increase is recommended for land and pavement rates.

At Opa-locka, increases are recommended for 10 of the airport's 21 buildings. Five of these (Buildings 114, 119, 121, 137, and 209) have been recertified at an average cost of \$212,000 each. Their rate increases reflect the upgraded condition of the buildings and range from \$0.50 to \$0.80 (19.5% - 31.6%) per square foot per year. The rate increases for the other buildings are based on market appraisal and range from \$0.08 to \$0.25 (2.5% - 4.2%) per square foot per year. The rate for aviation land remains the same while the non-aviation land rate has increased from \$0.40 to \$0.45 (13%) per square foot per year.

Tamiami buildings' rate revisions are based on market appraisal and increases range from \$0.14 to \$0.75 per square foot per year (4.9% to 20%). The increases affect 13 out of 18 buildings.

At Homestead General Aviation Airport, the recommended increases range from \$0.17 to \$0.40 (4.8% - 20%) per square foot per year in 5 of the 5 buildings. Prior rate increases for Building 2 and 10 were effective in 1996 and then in 2002. The 1996 increase was phased over a five-year period. Increases in the rates for Buildings 3 and 14 were also effective in 1996 but were phased over three years. There were no further increases until this year. The rate for Building 5 has not increased since 1998. Land and pavement rates are unchanged at Tamiami and Homestead.

Upon noting the objections of certain tenants at the Transportation Committee Meeting of December 11, 2003, the Department agreed to schedule meetings on the rental rates with the airports' tenants. On December 23, 2003, all general aviation airport tenants were advised to send their objections in writing to the Aviation Department by January 2, 2003 so that they could be addressed by the Department's appraiser.

The meetings were held January 5, 7, 9 and 28, 2004. At each meeting, the appraiser gave a summary of the firm's and his background in the appraisal generally and in airport property appraisal. Additionally, in each instance it was explained that the recommended rates are based on market rent, meaning the rental income that a property would most likely command in the open market in view of real property data from other airports. The appraiser's concept of blended rental rates (office, hangar, shop) was explained as well as, the stacked rental rates (land and pavement) was also discussed. Additional meetings, which have been arranged with tenants seeking further details regarding the appraisal methodology, have not yet been held due to the tenant's scheduling challenges

Overall, tenants were receptive to the explanation of the methodology as described above and to the data on market comparisons shared by the appraiser. However, other factors such as the cost of doing business in the County vis-à-vis insurance, sales taxes, employee compensation, maintenance costs on some of the building components, non-tenant operators at the airports undercutting tenant businesses were discussed as reasons for objecting to the recommended rate changes. The Aviation Department can address only the non-tenant operators and the maintenance cost issues. Minimum standards to govern operators at the general aviation airports have been drafted and are currently being presented to the tenants for review. Together with proposed security measures, the standards will, once implemented, address the competition issues from non-tenant businesses. In addition, the Aviation Department continues to work with other County departments to address operational and environmental issues that arise in connection with the non-tenant operations. Maintenance costs issues can be addressed if requested through amendment(s) to the terms of the lease.

The Aviation Department and the Appraiser have noted the other objections based on sentiments that the rental rates should not change because they should be based on: profit margins of the businesses; decrease because of a perceived lack of services (water, sewer, electric) and lack of development; take into account the employment rate, plight of certain businesses after 9/11, income per capita and the language barriers in Miami-Dade County. However, both are confident in the soundness of the appraisal analysis and believe the recommendations for the rental rates should be approved.

Attachments: 1. Consultant's Letter – Slack, Johnston & Magenheimer, dated April 21, 2003
2. Opa-locka Airport rental summary
3. Tamiami Airport rental summary
4. Homestead Airport rental summary



Assistant County Manager




MEMORANDUM

(Revised)

TO: Hon. Chairperson Barbara Carey-Shuler, Ed.D.
and Members, Board of County Commissioners

DATE: May 11, 2004

FROM: 
Robert A. Ginsburg
County Attorney

SUBJECT: Agenda Item No. 7(A)(1)(D)

Please note any items checked.

- ☐ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Bid waiver requiring County Manager's written recommendation
- ☐ Ordinance creating a new board requires detailed County Manager's report for public hearing
- ☐ Housekeeping item (no policy decision required)
- ☐ No committee review

Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 7(A)(1)(D)

5-11-04

RESOLUTION NO. _____

RESOLUTION EXTENDING APPLICATION OF RENTAL RATES APPROVED PURSUANT TO RESOLUTION NO. R.-282-02 THROUGH MARCH 31 2004; ESTABLISHING REVISED RENTAL RATES FOR OPA-LOCKA AIRPORT, KENDALL-TAMIAMI EXECUTIVE AIRPORT AND HOMESTEAD GENERAL AVIATION AIRPORT FOR PERIOD EFFECTIVE APRIL 1, 2004 THROUGH MARCH 31, 2005 OR UNTIL BOARD ADJUSTS RENTAL RATES, WHICHEVER IS LATER; AUTHORIZING COUNTY MANAGER OR DESIGNEE TO ADMINISTRATIVELY ADJUST RENTAL RATES ON BUILDINGS REQUIRING IMPROVEMENTS TO OBTAIN CERTIFICATE OF OCCUPANCY; AUTHORIZING COUNTY MANAGER OR DESIGNEE TO EXECUTE FORMAL LEASE AMENDMENTS AS NECESSARY TO EFFECT IMPLEMENTATION

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum and documents, copies of which are incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby extends the application of the rental rates approved pursuant to Resolution No. R.-282-02 through March 31, 2004; approves the recommendations of the County Manager relating to increases in certain rental rates at Opa-locka Airport, Kendall-Tamiami Executive Airport and Homestead General Airport, such rates to remain in effect for period effective April 1, 2004 through March 31, 2005 or until the Board adjusts the rental rates, whichever is later, all as more particularly set forth in the accompanying memorandum from the County Manager and the report of Slack & Johnston & Magenheimer, State Certified General Appraisers, attached thereto, and hereby establishes the revised rental rates contained therein as being fair, reasonable and nondiscriminatory for the use of the facilities described in the said memorandum and

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attachments; this Board authorizes the County Manager or designee to administratively adjust any of the rental rates established by the Board undergoing improvements for a forty-year certification process as necessary to obtain certificate(s) of occupancy, utilizing either of the methodologies described in the attached memorandum to recover such costs through the total rental rates charged to tenants and users of the building, whether the certification improvements are made in 2003 or at any other time, such adjustments to be made without further action by this Board; this Board directs the Aviation Department to place the revised rental rates into effect administratively where appropriate, and further, this Board authorizes the County Manager or designee to execute such formal amendments to existing lease agreements as may be appropriate and necessary to effect implementation of the revised rental rates, without further action of this Board.

The foregoing resolution was offered by Commissioner
who moved its adoption. The motion was seconded by Commissioner
and upon being put to a vote, the vote was as follows:

Dr. Barbara Carey-Shuler, Chairperson
Katy Sorenson, Vice-Chairperson

Bruno A. Barreiro
Betty T. Ferguson
Joe A. Martinez
Dennis C. Moss
Natacha Seijas
Sen. Javier D. Souto

Jose "Pepe" Diaz
Sally A. Heyman
Jimmy L. Morales
Dorin D. Rolle
Rebeca Sosa

The Chairperson thereupon declared the resolution duly passed and adopted this 11th day of May, 2004. This Resolution and contract, if not vetoed, shall become effective in accordance with Resolution No. R-377-04.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. GBK

Geri Bonzon-Keenan

**SLACK
JOHNSTON
MAGENHEIMER**
REAL ESTATE APPRAISERS & CONSULTANTS

L. GLENN JOHNSTON, MAI
ST. CERT. GEN. REA RZ443
ANDREW H. MAGENHEIMER, MAI
ST. CERT. GEN. REA RZ1073

THEODORE W. SLACK, MAI
(1902-1992)
THEODORE C. SLACK MAI
(RETIRED)
SUE BARRETT SLACK MAI
(RETIRED)

May 30, 2003

Ms. Carol Ann Klein
Interim Director of Business and Finance
Miami-Dade Aviation Department
P.O. Box 592075
Miami, Florida 33159

RE: Miami-Dade Aviation Department
2003 General Aviation Rental Rate Review

RECEIVED
JUN 23 2003

ASSISTANT DIRECTOR
BUSINESS MANAGEMENT

Dear Ms. Klein:

Slack, Johnston and Magenheimer, Inc. (formerly Slack & Johnston, Inc.) has been retained to provide appraisal services as part of our professional service agreement approved by Resolution R-33-03. The scope of this analysis is limited to estimates of annual market rent for various properties located at Miami-Dade County's general aviation airports. This letter provides summary information in a restricted format. Additional information is included in our files concerning the analysis. This analysis was prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The scope of appraisal services includes estimates of the annual market rental rates for various properties at Miami-Dade County's general aviation airports, including Opa-Locka Airport (OPF), Kendall-Tamiami Executive Airport (TMB) and Homestead General Aviation Airport (X51). Our analysis has included inspections of the airports and the improvements, as well as market research of similar aeronautical and non-aviation properties.

Our general aviation rental rate analysis included a review of the method of establishing rental rates and charges. Generally, airports within Florida do not sell; therefore, determining rental rates and charges based on capitalization of sales prices is not possible. There are two generally acceptable methods of estimating rental rates: 1) a market comparative analysis based on market research and 2) a comparison of non-airport (off-port) land and improvement values to airport (on-port) properties. It is our opinion that market research produces the best method of estimating rental rates between similar property types. This method serves as the basis for our estimation of fair market annual rental rates for the Miami-Dade County's general aviation airports.

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Ms. Carol Ann Klein
May 30, 2003
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We have reviewed local and national surveys of airport rates and charges. Our research revealed there is limited, reliable survey information available for annual rental rates at airports in Florida. Our research included a direct survey of over 50 public general aviation, as well as non-hub and small-hub commercial airports within Florida. Our market research focused on general aviation rental rates and charges within Florida based on a direct questionnaire, as well as telephone interviews with several airport managers and fixed base operators. This was a direct survey and the reliability of the information collected is considered good.

The primary focus of our survey was rental rates and charges for airport properties, including both aeronautical and non-aviation uses. The airports have been compared based on location, physical size, annual operations, based aircraft and fuel flowage. The data collected includes statistical information described above, as well as rates and charges for various types of airport properties.

Our survey indicates that, although there is a wide variation in geographic locations and non-aviation property values throughout Florida, there are several similarities in rental rates and charges for various components at general aviation airports. Airports were compared based on activity levels relating to geographic locations, physical size, number and length of runways, based aircraft, annual operations and fuel flowage.

In our research, the focus of airport comparisons was based on geographic location and relationships between based aircraft, operations and fuel flowage. The survey information was collected and analyzed for the purpose of comparison to Miami-Dade County's general aviation airports. The airports were compared based on their activity levels, as previously discussed.

Based on our market analysis, we recommend the 2003 general aviation rental rates for Opa-Locka, Tamiami and Homestead General Aviation Airports. The following is a summary of the changes to the rental rates for Opa-Locka, Tamiami and Homestead General Aviation Airports:

Opa-Locka Airport - Non-Aviation Land: Increase recommended for non-aviation land rental of \$0.05 per square foot.

Buildings 35, 39, 40, 41, 45 and 47: Increase recommended for annual building rental rates from \$0.08 to \$0.25 per square foot

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Recertified Buildings 114, 119, 121, 137 and 209: Increase recommended for annual building rental rates from \$0.50 to \$0.80 per square foot

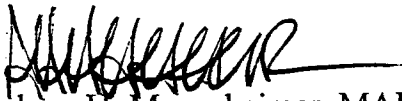
Tamiami Airport - Buildings 102, 109, 114, 121, 123, 221, 222, 225, 227, 228, 229, 247 and 504: Increases recommended for annual building rental rates from \$0.14 to \$0.75 per square foot.

Homestead General
Aviation Airport - Buildings 2, 3, 5, 10 and 14: Increase recommended for building rental rates from \$0.17 to \$0.40 per square foot.

The attached airport rental summaries for Opa-Locka, Tamiami and Homestead General Aviation Airports reflect our recommendations.

Sincerely,

SLACK, JOHNSTON & MAGENHEIMER, INC.


Andrew H. Magenheimer, MAI
ST. CERT. GEN. REA RZ1073

Enclosures

MDAD\CAK03RATES

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SLACK
JOHNSTON
MAGENHEIMER

2003 Opa-Locka Airport Rental Summary

LAND RENTAL	Rent/Sq. Ft./Year	
	Current	Apr-03
Aviation Land	\$0.15	\$0.15
Non-Aviation Land	\$0.40	\$0.45

PAVEMENT RENTAL	Rent/Sq. Ft./Year	
	Current	Apr-03
Pavement	\$0.05	\$0.05

Non-Aviation		Rent/Year	
Land Only Tenants/Use		Current	Apr-03
Lease No.	O-584	\$22,651	\$25,483
Vehicular Parking			
Lease No.	O-587	\$3,408	\$3,834
Vehicular Parking			
Lease No.	O-436	\$31,137	\$35,029
Lift Station			
Lease No.	O-585	\$3,000	\$3,375
Vehicular Parking			
Lease No.	O-361	\$65,397	\$73,572
Vehicular Parking			

Non-Aviation		Rent/SF/Year	
Building Tenants		Current	Apr-03
Building repair	190	\$3.30	\$3.45

LAST REVISED 4-3-03
OPF03

BUILDING RENTAL		Rent/Sq. Ft./Year	
Aviation Tenants		Current	Apr-03
Building	35	\$3.26	\$3.34
Building	39	\$3.45	\$3.63
Building	40E	\$6.82	\$6.98
Building	40C	\$5.90	\$6.15
Building	40W	\$6.29	\$6.50
Building	41E	\$5.90	\$6.15
Building	41C	\$5.90	\$6.15
Building	41W	\$5.90	\$6.15
Building	45	\$4.02	\$4.21
Building	46	\$7.25	\$7.25
Building	47	\$4.19	\$4.33
Building demo	66	\$2.50	\$2.50
Building	100	\$2.13	\$2.13
Building repair	101	\$1.99	\$1.99
Building	119	\$2.57	\$3.07
Building	121	\$2.53	\$3.33
Building	137	\$2.48	\$3.08
Building	179	\$2.50	\$2.50
Building	180	\$2.50	\$2.50
Building	209	\$2.75	\$3.25
Building	316	\$3.50	\$3.50
Building	406A	\$2.50	\$2.50
Building	412	\$1.00	\$1.00
Building	413	\$2.50	\$2.50
Building	418	\$2.50	\$2.50

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2003 Kendall-Tamiami Executive Airport Rental Summary

LAND RENTAL		Rent/Sq. Ft./Year	
	"Current"	Apr-03	
Aeronautical Land	\$0.12	\$0.12	
Non-Aviation Land	n/a	\$0.60	
PAVEMENT RENTAL		Rent/Sq. Ft./Year	
	"Current"	Apr-03	
Pavement	\$0.05	\$0.05	
FARM LAND		Rent/Acre/Year	
	"Current"	Apr-03	
Farm Land	n/a	\$350	
LAST REVISED		4-3-03	
TMB03			

BUILDING RENTAL		Rent/Sq. Ft./Year	
Aviation Tenants		Current	Apr-03
Building	102	\$2.99	\$3.29
Building	109	\$3.23	\$3.67
Building	114	\$2.86	\$3.00
Building	121	\$3.65	\$4.00
Building	123	\$3.65	\$4.00
Building	221	\$2.42	\$2.60
Building	222	\$1.66	\$1.95
Building	247	\$3.43	\$3.72
Building	504	\$3.74	\$4.49
Building	225	\$2.27	\$2.67
Building	226	\$0.85	\$0.85
Building	227	\$2.97	\$3.26
Building	228	\$3.75	\$4.12
Building	229	\$3.54	\$3.85
Building	490	\$5.07	\$5.07
Building	501	\$6.99	\$6.99
Building	505	\$3.90	\$3.90
Building	507	\$12.50	\$12.50

2003 Homestead General Aviation Airport Rental Summary

LAND RENTAL		Rent/Sq.Ft./Year	
		Current	Apr-03
Aeronautical Land		\$0.03	\$0.03
PAVEMENT RENTAL		Rent/Sq.Ft./Year	
		Current	Apr-03
Pavement		\$0.05	\$0.05
FARM LAND		Rent/Acre/Year	
		Current	Apr-03
Farm Land		n/a	\$300
SHADE HANGARS		Rent/Unit/Month	
		Current	Apr-03
Building	13	\$130	\$145
LAST REVISED		4-2-03	
X5103			

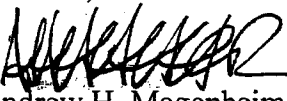
BUILDING RENTAL		Rent/Sq.Ft./Year	
Aviation Tenants		Current	Apr-03
Building	2	\$3.50	\$3.67
Building	3	\$2.06	\$2.46
Building	14	\$2.06	\$2.46
Building	5	\$3.24	\$3.47
Building	10	\$3.50	\$3.67

CERTIFICATION

I certify that, to the best of my knowledge and belief, ...

- the statements of fact contained in this report are true and correct.
- the reported analyzes, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyzes, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- my analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the following: 1) the Uniform Standards of Professional Appraisal Practice (USPAP); 2) the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute; and 3) the requirements of the State of Florida for state-certified appraisers.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this report.
- the use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission and to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- as of the date of this report, Andrew H. Magenheimer, has completed the requirements of the continuing education program of the Appraisal Institute.

SLACK, JOHNSTON & MAGENHEIMER, INC.


Andrew H. Magenheimer, MAI
ST. CERT. GEN. REA RZ1073